

SUBJECT: Texas and U.S. product preference

DIGEST: HB 707 would establish a preference for Texas and U.S. firms for purchases of products and awarding of construction contracts by state agencies. Political subdivisions would be authorized to adopt the same purchase preference system. Products would be defined as American if at least 51 percent of their component parts were produced in the U.S.A., and Texan if at least 51 percent of their component parts were produced in Texas.

If a low bidder on a product or contract was non-Texan, preference would be given to a Texas bidder if the lowest bid came from a state with purchasing laws that provided preference to home-state firms. The amount of the preference would equal that granted in the other state.

If a Texas product or contractor were not eligible for preference, then an American-made product or contractor would be given preference over the foreign equivalent unless the American bid was more than 10 percent higher than the other bid.

HRO ANALYSIS: The analysis of this bill appeared in the April 28 HRO Daily Floor Report.

HOUSE FLOOR ACTION: HB 707 was amended on the floor, without objection, to state that the governing bodies of political subdivisions may elect to provide a Texas and U.S. product preference in public works contracts or purchasing contracts. The bill passed on second reading on April 28 by a vote of 107 yeas, 33 nays, 1 present, not voting. (Journal page 1462). The bill passed on third reading April 29 by nonrecord vote.

SENATE COMMITTEE ACTION: HB 707 was reported favorably with a committee substitute by the Senate State Affairs Committee on May 26, by a vote of 5 ayes, 1 nay, 1 present, not voting and 3 absent. The substitute changed the definition of American and Texas product to include a product assembled in a country contiguous to the United State or Texas if at least 51 percent of the component parts were manufactured or assembled in the U. S. The substitute also included products assembled or refined in the U. S. or Texas.

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SENATE
FLOOR
ACTION:

The Senate, by a voice vote, adopted an amendment by Santiesteban to the committee substitute to add to the preference not only products assembled in contiguous countries but also products manufactured, refined produced, mined or grown in a country contiguous to Texas or the United States. The requirement that 51 percent of the component parts of a product assembled have been manufactured in the U. S. or Texas was deleted.

The Senate, by a vote of 23 ayes, 4 nays (Brown, Henderson, Jones, Leedom), adopted an amendment by Washington to require preference among Texas companies to be given to companies owned by minorities and women.

The Senate passed HB 707 on third reading on May 29 by a voice vote with Brown, Harris, Henderson, Jones, Leedom and Sims shown voting nay.

COMPARISON OF
HOUSE/SENATE
VERSIONS:

The Senate version differs from the House version by requiring in situations in which a preference would be given to Texas products that first preference be given to products produced by companies owned 51 percent by minorities or women. The House version does not have this provision.

The definition of American product in the Senate version includes products manufactured, assembled, refined, produced, mined or grown in Texas or the U. S. or countries contiguous to the U. S. The House version does not refer to contiguous countries but allows a preference for products assembled in the U. S. as long as 51 percent of the component parts are U. S. made.

The definition of Texas product in the Senate version includes products manufactured, assembled, refined, produced, mined or grown in Texas or in a country contiguous to Texas. The House version does not refer to contiguous countries but allows a preference for products assembled in Texas as long as 51 percent of the component parts are assembled in Texas. Texas product in the Senate version also includes crushed and broken stone, sand and gravel, shell products, slag, cement or asphalt offered by Texas companies without regard to where such products or materials are manufactured or mined. The House version has no such provision.